



**MINUTES FROM THE MEETING OF
THE ABLE TASK FORCE
AUGUST 23, 2016**

A Meeting of the ABLE Task Force was held on August 23, 2016 at 10:00 AM
in the Conference Room of the Office of the State Treasurer ("OST")
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

Task Force Members Represented or in Attendance:

The Honorable Ken Simpler, State Treasurer
Ms. Valerie Watson, (on behalf of Secretary Thomas J. Cook, Department of Finance)
The Honorable Trey Paradee, State Representative
Mr. Ralph Cetrulo, Member, Plans Management Board ("PMB")
Mr. Don Shandler, Member, PMB
Ms. Diann Jones, Public Member (Telephonically)
Ms. Angie Ehst, Public Member (Telephonically)

Task Force Members Not in Attendance:

Mr. Rick Kosmalski, Public Member

Others in Attendance:

Mr. John Meyer, Director of Contributions and Plan Management, OST
Mr. Omar Masood, Policy Advisor, OST
Ms. Martha Sturtevant, Executive Assistant, OST

CALLED TO ORDER

The meeting was called to order at 10:06 AM.

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Cetrulo and seconded by Mr. Shandler to approve the minutes of August 1st.
MOTION ADOPTED UNANIMOUSLY

ABLE TASK FORCE PRESENTATION

Mr. Masood provided the Task Force with an update on ABLE nationwide. Vendor interest in ABLE is increasing, but the total number of accounts are approximately 1,000. There is a significant increase in the interest in ABLE from Health Savings Account ("HSA") vendors.

Mr. Masood provided an update on other state ABLE programs. Florida has an average account balance of \$1,550 and currently the average participant is age 22. California, with a population of 38 million, has moved away from joining the consortium to have their own plan.

Mr. Masood provided an update on the consortium. 10 states with a combined population of 56 million have joined thus far. The consortium has selected a vendor to provide the most robust features available. Revenue sharing would be available, but would be minimal during the early stages of the program.

Mr. Masood noted that OST had met with PNC and learned that PNC is able to provide an ABLE HSA model. Mr. Simpler added that the HSA model is based on accounts rather than assets, and would be provided at no cost to the state, because PNC would profit from debit transactions. The cost to participants is not known at this time.

The members discussed key differences between current state plans including fees, contribution levels, investment options, and the ability to offer checks and/or a debit card.

Mr. Masood reviewed the Requests for Proposals (“RFP”) initiated by several states, adding that two RFPs failed and one state Request for Information (“RFI”) received six responses from other states. Mr. Simpler noted that seven states haven’t yet passed ABLE legislation, while others have appropriated meaningful funds.

There was a discussion regarding the goals and timeline of the Task Force. Mr. Simpler stated that the Task Force meeting schedule was aimed at being able to provide recommendations to the Plans Management Board before the OST budget request, but acknowledged that a recommendation to delay a decision was also an option.

Mr. Simpler asked the Task Force if there was a direction they would like to see OST research further, and for their leanings on the necessity to have a Delaware-specific plan. Mr. Paradee said that he would like to have a plan, even if it were part of a consortium, but he acknowledged that funding would be a challenge. Mr. Paradee added that he was not opposed to waiting for the marketplace to develop, particularly as vendors begin to offer no cost options. Mr. Simpler added that an RFI could be another option and that the Task Force would benefit from continuing to refine the data on the eligible participants.

OST provided estimates on low, medium and high participation assumptions. OST has increased the estimate on potential accounts from 2,000 to 4,700, noting federal changes that amended self-certification and removal of the home state rule.

Ms. Jones acknowledged that eligible ABLE participants statistically will have higher purchasing power, but noted that higher divorce rates among parents of eligible participants will make saving a challenge. Ms. Watson asked if any of her clients had been contacted for enrollment by other state plans. Ms. Jones stated that at this time she had no information that her clients had been solicited.

Delaware ABLE Eligibility Population

The Task Force discussed refining estimates on eligible participants. Mr. Meyer asked if there was a way to query how many special needs trusts exist in Delaware. Ms. Jones added that she personally is aware of at least 300 families. Mr. Cetrulo said Special Olympics Delaware uses a figure of 30,000 but he would inquire what data the estimate was based on. Mr. Simpler stated that he would reach out to the Secretary of Health and Social Services to see if more data was available on the number of Medicaid eligible Delawareans that would meet ABLE eligibility requirements. Mr. Paradee added that he would reach out to the congressional delegation for data on Delawareans receiving social security benefits.

Ms. Jones inquired about the use of a survey to reach eligible participants. Mr. Cetrulo indicated that he may be able to share a survey with Special Olympics families through email and Ms. Jones indicated she also has a distribution list.

Mr. Meyer reviewed the eligible ABLE participant data provided by other states ranging from 2.5% to 10%. He then provided Delaware 529 Plan data from 2015 noting the number of accounts and that 70% were Delawareans. The Task Force acknowledged that ABLE accounts are anticipated to have a higher participation rate as compared to the 529 Plan model.

Implementation Options

Mr. Simpler reviewed the categories OST considered when framing implementation path options, including cost (of the launch, implementation and administration), time required, the ability to customize, and control of the branding. Mr. Shandler suggested a cost-benefit analysis would help to eliminate an option.

The Task Force considered if there was a strong motivation from the community or the Legislature to have a Delaware-specific plan. Mr. Paradee said he was in favor of having the best plan for a reasonable cost over having a Delaware-specific plan. Ms. Jones agreed that the plan did not have to be branded for Delaware and that participant outreach would add the most value.

Ms. Watson stated that having a more accurate estimate of eligible participants is pivotal to each implementation option. Mr. Simpler responded that OST will work to refine participant data, and work on an outline of the delivery path.

The Task Force agreed that there may be a “second-mover” advantage based on a better knowledge of Delaware’s marketplace. Mr. Shandler reviewed marketing priorities of product, place, population and promotion and suggested that the focus be first be on the product, before considering the marketing.

PUBLIC COMMENTS

No members of the public present for comment.

ADJOURNMENT

A MOTION was made by Ms. Watson and seconded by Mr. Shandler to adjourn the meeting of the ABLE Task Force at 11:55 AM.

MOTION WAS ADOPTED UNANIMOUSLY

Respectfully submitted,

Kenneth A. Simpler, State Treasurer
Chair, ABLE Task Force

Martha Sturtevant
OST, Executive Assistant to the State Treasurer, *Recorder*

